02-320

Approved by OMB
3060-0589

FCC/MELLON OCT 0

SECTION A - PAYER INFORMATION

(3) TOTAL AMOUNT PAID (U.S. Dollars and cents)

(4) STREET ADDRESS LINE NO. 1
555 13th Street. NW

(5) STREET ADDRESS LINE NO. 2

(6) CITY	(7) STATE	(8) ZIP CODE
Washinston	DC	20004

(9) DAYTIME TELEPHONE NUMBER (include area code)	(10) COUNTRY CODE (if not in U.S.A.)
202/673-5858	

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(11) PAYER (FRN) 12) PAYER (TIN)

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

(13) APPLICANT NAME
Williams Communications, LLC

(14) STREET ADDRESS LINE NO. 1
One Technoloav Center. TC 15

(15) STREET ADDRESS LINE NO 2

(16) CITY	(17) STATE	(18) ZIP CODE
Tulsa	OK	74103

0001700152 I731349451

(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE	(25A) QUANTITY
Domestic 214 STA	CUT	1

(26A) FEE DUE FOR (PTC)	27A) TOTAL FEE	FCC USE ONLY
$860.00	$860.00	

(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY

(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY

(28B) FCCCODE 1	(29B) FCCCODE 2

SECTION D - CERTIFICATION

(30) CERTIFICATION STATEMENT
I, ______________________, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE ______________ DATE ______________

SECTION E - CREDIT CARD PAYMENT INFORMATION

(31)
☐ MASTERCARD
☒ VISA

MASTERCARD/VISA ACCOUNT NUMBER:

EXPIRATION DATE: 12/02

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described.

SIGNATURE ______________ DATE 10/1/02

SEE PUBLIC BURDEN ON REVERSE FCC FORM 159 FEBRUARY 2000 (REVISED)

REMITTANCE ADVICE (Continuation Sheet)

FEDERAL COMMUNICATIONS COMMISSION

SPECIAL USE
FCC USE ONLY

USE THIS SECTION ONLY FOR EACH ADDITONAL APPLICANT

SECTION BB - ADDITIONAL APPLICANT INFORMATION

(13) APPLICANT NAME WilTel Communications Group, Inc.			
(14) STREET ADDRESS LINE NO. 1 One Technology Center, TC 15			
(15) STREET ADDRESS LINE NO. 2			
(16) CITY Tulsa		(17) STATE OK	(18) ZIP CODE 74103
(19) DAYTIME TELEPHONE NUMBER (include area code) (918) 547-3734	(20) COUNTRY CODE (if not in U.S.A.)		

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(21) APPLICANT (FRN)	(22) APPLICANT (TIN)
0007719552	010744785

IF MORE BOXES ARE NEEDED, USE ADDITIONAL FCC 159-C CONTINUATION SHEETS TO LIST EACH SERVICE

SECTION CC - PAYMENT INFORMATION

(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE	(25A) QUANTITY
(26A) FEE DUE FOR (PTC)	(27A) TOTAL FEE	FCC USE ONLY
(28A) FCC CODE 1	(29A) FCC CODE 2	
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY
(28B) FCC CODE 1	(29B) FCC CODE 2	
(23C) CALL SIGN/OTHER ID	(24C) PAYMENT TYPE CODE	(25C) QUANTITY
(26C) FEE DUE FOR (PTC)	(27C) TOTAL FEE	FCC USE ONLY
(28C) FCC CODE 1	(29C) FCC CODE 2	
(23D) CALL SIGN/OTHER ID	(24D) PAYMENT TYPE CODE	(25D) QUANTITY
(26D) FEE DUE FOR (PTC)	(27D) TOTAL FEE	FCC USE ONLY
(28D) FCC CODE 1	(29D) FCC CODE 2	
(23E) CALL SIGN/OTHER ID	(24E) PAYMENT TYPE CODE	(25E) QUANTITY
(26E) FEE DUE FOR (PTC)	(27E) TOTAL FEE	FCC USE ONLY
(28E) FCC CODE 1	(29E) FCC CODE 2	
(23F) CALL SIGN/OTHER ID	(24F) PAYMENT TYPE CODE	(25F) QUANTITY
(26F) FEE DUE FOR (PTC)	(27F) TOTAL FEE	FCC USE ONLY
(28F) FCC CODE 1		

Approved by OMB
3060-0589

REMITTANCE ADVICE (Continuation Sheet)

FEDERAL COMMUNICATIONS COMMISSION

SPECIAL USE

FCC USE ONLY

USE THIS SECTION ONLY FOR EACH ADDITONAL APPLICANT

SECTION BB - ADDITIONAL APPLICANT INFORMATION

(13) APPLICANT NAME
Williams Communications Group, Inc., Debtor-in-Possession

(14) STREET ADDRESS LINE NO. 1
One Technology Center. TC 15

(15) STREET ADDRESS LINE NO. 2

(16) CITY
Tulsa

(17) STATE
OK

(18) ZIP CODE
74103

(19) DAYTIME TELEPHONE NUMBER (include area code)
(918) 547-3734

(20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(21) APPLICANT (FRN)
0007698848

22) APPLICANT (TIN)
731462856

IF MORE BOXES ARE NEEDED. USE ADDITIONAL FCC 159-C CONTINUATION SHEETS TO LIST EACH SERVICE

SECTION CC - PAYMENT INFORMATION

(23A) CALL SIGN/OTHER W | (24A) PAYMENT TYPECODE | (25A) QUANTITY

(26A) FEE DUE FOR (PTC) | (27A) TOTAL FEE | FCC USE ONLY

(29A) FCC CODE 2

(23B) CALL SIGN/OTHER ID | (24B) PAYMENT TYPE CODE | (25B) QUANTITY

(26B) FEE DUE FOR (PTC) | (27B) TOTAL FEE | FCC USE ONLY

(28B) FCC CODE 1 | (29B) FCC CODE 2

(23C) CALL SIGN/OTHER ID | (24C) PAYMENT TYPE CODE | (25C) QUANTITY

(26C) FEE DUE FOR (PTC) | (27C) TOTAL FEE | FCC USE ONLY

(28C) FCC CODE 1 | (29C) FCC CODE 2

(23D) CALL SIGN/OTHER ID | (24D) PAYMENT TYPE CODE | (25D) QUANTITY

(26D) FEE DUE FOR (PTC) | (27D) TOTAL FEE | FCC USE ONLY

(28D) FCC CODE 1 | (29D) FCC CODE 2

(23E) CALL SIGN/OTHER ID | (24E) PAYMENT TYPE CODE | (25E) QUANTITY

(26E) FEE DUE FOR (PTC) | 27E) TOTAL FEE | FCC USE ONLY

(28E) FCCCODE 1 | (29E) FCC CODE 2

(23F) CALL SIGN/OTHER ID | (24F) PAYMENT TYPE CODE | (25F) QUANTITY

(26F) FEE DUE FOR (PTC) | 27F) TOTAL FEE | FCC USE ONLY

(28F) FCC CODE 1 | (29F) FCC CODE 2

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington. D.C. 20554

In the Matter of **Williams Communications, LLC,** **Williams Communications Group, Inc., Debtor-in-Possession,** and **WilTel Communications Group, Inc.** Request for Special Temporary Authority for the Transfer of Control of Domestic Section **214** Authority	WC Docket No. 02-_______

Attention: Wireline Competition Bureau

EXPEDITED ACTION REQUESTED

REQUEST FOR SPECIAL TEMPORARY AUTHORITY

Wihams Communications, LLC ("Wihams"), Williams Communications Group, Inc., Debtor-in-Possession ("WCG), and WilTel Communications Group, Inc. ("WilTel")[1] hereby request Special Temporary Authority ("STA) pursuant to Section **214** of the Communications Act of **1934,** as amended, and Section **63.04** of the Commission's rules, for the transfer of control of Wdliams from WCG to WilTel. Wfiams operates as **a** provider of domestic telecommunications services pursuant to the blanket Section **2**14 authority granted

[1] Williams, WCG and WilTel are collectively referred to herein as the "Parties" or the "Applicants."

in Section 63.01(a) of the Commission's Rules. An application was filed September **27, 2002,** requesting consent to this transfer of control **(the** "Underlying Application").[2] Special authority is requested here for consent to transfer control of Williams on a temporary basis as set forth in the Underlying Application until the earlier of: (1) Commission action on the Underlying Application; or (2) 180 days. Substantially similar requests for STA are being filed today in connection with each of the other Commission authorizations held by Williams.

This STA is necessary to effectuate consummation of certain transactions central to the success of a plan of reorganization (the "Plan") confirmed for WCG three days ago by the United States Bankruptcy Court for the Southern District of New York (Chapter 11 Case No. **02-11957)**[3] which must occur on or before Tuesday, October **15, 2002.** Because the Commission will be closed for the Columbus Day Holiday on October 14, the Parties would appreciate action, **if** at **all** possible, by close of business on Friday, October **11.**

I. SUMMARY

As is detailed in Sections III and IV below, this STA is required to avoid the substantial disruption of service to customers that otherwise could arise as a result of any failure to consummate the Plan by October **15.** It accommodates

---

2 **A** copy of the Underlying Application is attached hereto.

3 ***See*** Order Confirming Second Amended Joint Plan of Reorganization of Williams Communications Group, Inc. and CG Austria, Inc., *In re Williams Communications Group, Inc. and CG Austria, Inc.,* Chapter *11* Case No. **02-11957** (BRL) (U.S. Bankruptcy Court S.D.N.Y. Sep. **30,2002)** (copy attached).

the public interest by permitting the Commission to review completely in the context of the Underlying Application the transfer of control of Williams that will occur upon closing of the Plan, while in the meantime allowing WCG to emerge from bankruptcy and Williams to achieve financial stability.

Furthermore, grant of the **STA** will serve the Commission's public policy goals of ensuring continuity of service and the preservation of competition in the telecommunications market. **As** discussed in more detail below, Williams currently provides voice services to more than ***5.6*** million residential and business access lines, operating as a wholesale vendor to large telecommunications companies (including providing most of the commercial consumer interLATA voice network services for SBC where that company provides interLATA services). Williams also provides private line, data and Internet services to IXCs, ISPs and others, is a major Internet backbone company, and operates more than two million square feet of collocation and data center space. Finally, Williams is the largest provider of live video transport in the United States, carrying more than 80% of **all** major professional sports, and ***65%*** of **all** live news events.

Grant of the requested STA will avoid the threat of disruption to these important services and customers. Conversely, without the STA, there is a significant risk that Williams may be forced by events to seek to discontinue service to the public. The Plan represents substantial efforts by many parties, including the over 50 financial institutions that are parties to Williams' existing Credit Agreement (the "Lenders"),WCG bondholders and other creditors, to develop a restructuring plan that avoids any disruption in service. In particular, the Lenders have forborne from seizing Williams' operating capital for a period beginning in mid-Apnl, but ending October *15.* After substantial efforts, the parties have agreed upon a plan that will maintain Williams' ability to continue to operate without interruption. However, the necessary transactions must close by the October 15 deadline established by the Lenders and agreed to by all the major parties involved. The October **15** date is also key to Wihams' agreements with its largest customer and with its new investor, which will be making an aggregate investment of $330 million. Absent **a** closing on October 15, a substantial **risk** exists that service disruptions could occur.

In these extraordinary circumstances, the Commission should grant the requested STA to facilitate consummation of the Plan that was confirmed by the bankruptcy court this week. Details regarding the proposed transfer of control are set forth in the Underlying Application. Williams recognizes that it would have been preferable for all concerned to have filed the Underlying Application earlier, to permit review and Commission action prior to the October **15** deadline, and sincerely regrets any lack of diligence on its part in that regard. However, the various parties actually did not even reach agreement among themselves until earlier this week on the final terms under which they would all agree to the continued operation of Williams after October **15.** That agreement is set forth in the Plan confirmed this week by the Bankruptcy Court. The Applicants came to the Commission within hours after conclusion of their negotiations and confirmation of the Plan. All of the parties. including, without limitation, the new investor, have agreed to consummate or? the requested STA. subject to the Commission's review of the Underlymg Applications.

At this time of financial crisis in the telecommunications **industry,** the impending reorganization of Williams is a remarkable success story. The Commission can play a pivotal **role** in this extraordinary case by approving the requested STA, and thereby ensure continuity of service while it considers the Underlying Application.

II. BACKGROUND OF THE REORGANIZATION

The details regarding the proposed transfer of control are set forth in the Underlymg Application and will not be repeated in full here. In brief, as a result of the reorganization: (a) a new parent company, WilTel, will own 100% of the equity of Williams; (b) substantially all of the ownership of the new parent will be different from that of WCG; and (c) a new board of directors of the parent will be put in place.

This transfer of control reflects the successful conclusion of difficult negotiations among multiple disparate parties regarding the fate of WCG and its operating businesses. WCG became an independent company in April 2001 when it was spun off from The Wdliams Companies, Inc. ("TWC"). Unfortunately, a year later WCG was required to seek the protection of the bankruptcy court, when, on April 22, 2002, WCG and its wholly owned subsidiary, CG Austria, Inc. ("CG

Austria", and together with WCG, collectively, the "Debtors"), filed petitions for relief under Chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases").

Several points are relevant regarding that action. Prior to its Chapter **11** filing, **WCG** was able to **work** with the Lenders and its other creditors to avoid putting Wihams, the operating company, immediately into bankruptcy. This step ensured that customers would not face the **risk** of service disruption associated with filing for bankruptcy. However, the Lenders did require that **a** plan of reorganization be approved by July **15,2002,** a deadline that could be – and was – extended to October **15,2002** under certain conditions (including a **$50** million pay down), and that any such reorganization include a substantial new equity investment in the Company. The Lenders also required an immediate $200 million pay down of their loan and retained control of the cash of Williams, reserving the right to appropriate or "set off this cash as payment for Williams' debts if the reorganization did not occur.

Since the filing of the Chapter 11 Cases, WCG and Williams have worked extremely hard to obtain the continuing support of creditors and customers in connection with their reorganization efforts. The process for obtaining approval for the Plan has involved a multitude of parties. For example, over **50** financial institutions are involved in Williams' credit facility. Moreover, there are approximately **11,000** other creditors, primarily holders of WCGs approximately **$5** billion in public debt securities. TWC (the former parent and largest unsecured creditor of WCG), also has participated extensively in Plan negotiations.

These negotiations did not always go smoothly, which is not surprising given the financial turmoil and uncertainty in the telecommunications industry and the large number of distressed telecommunications companies. On July 15, 2002, the conditions required to extend the reorganization deadline with the Lenders until October 15, 2002 were met, which included a further $50 million pay down of the loans.

Working against the October 15 deadline, the parties have labored strenuously to achieve a consensual reorganization plan that would prevent the Lenders from seizing Williams' cash resources – an event that could drive Williams itself into bankruptcy and result in a disruption of service to customers. Perhaps the most notable achievement is that the parties attracted a new investor, Leucadia National Corporation ("Leucadia"), which is willing to invest $330 million in exchange for a 44% equity position in the reorganized company.[4]

This negotiation process (and related negotiations with Williams' largest customer, SBC) continued through August and into September. In mid-September, agreements in principle were reached regardmg Leucadia's board representation in the reorganized company. And only on Monday, September 30, did the multiple parties reach final agreement on amendments to the plan of reorganization that would permit a closing by the October 15 deadline – subject to the willingness of the Commission to grant the STA requested here.

---

[4] Other creditors will own 54% of WilTel following the reorganization. Two percent of the equity will be channeled into a fund that can be used to settle securities claims of WCG's former bondholders.

WCG regrets that it is coming to the Commission at this late date, but at the same time it is pleased to report a telecommunications bankruptcy success story. Due to the efforts and accommodations of the parties, the Wihams operating company has until now not been in bankruptcy. This has meant that customers have not faced threats of service disruptions during this process. Furthermore, WCG is able to report that it has found a significant new investor committed to investing **$330** million, and eliminating the imminent risk of an operating company bankruptcy, provided other terms of the plan of reorganization are met on a timely basis. Such a stabilizing action clearly is in the public interest.

However, absent the STA, the parties **will** be unable to consummate the Plan by its October 15 deadline, thereby seriously prejudicing the public interest in the continuation of telecommunications services by Williams. Absent Commission action to permit consummation of the Plan by that date, WCGs creditors will be released from their commitments under the Plan. Furthermore, Williams' Lenders will be free *to* seek to appropriate or "set off Williams' cash resources as payment for its debts, and thus, Williams would be denied access to the capital it needs to continue to operate.

Without operating capital, Williams could be forced into **a** Chapter 11 bankruptcy, and would be in a position where it could not pay its employees, its vendors, its landlords or its utility providers; nor could it fulfill the numerous other monetary obligations that must be met to continue day-to-day operations. In other words, without cash, Williams' ability to continue providing telecommunications services would be put at **risk,** threatening to disrupt the provision of telecommunications services to millions of end users,

It is possible that the Bankruptcy Court could act to prevent the Lenders from seizing Williams' cash to offset the company's debts. No doubt this matter would be litigated. However, there is no assurance that Williams would be able to continue to provide service to **all** of its customers in the interim. Any service disruptions could therefore cause significant public harm.

On the other hand, if the STA is granted before October ***15,*** so that the Plan may be consummated, Williams' parent will emerge from bankruptcy and Williams' Lenders **will** enter into a new Credit Agreement that lowers Williams' outstandmg debt and provides that there will be no further scheduled principal payments to the Lenders until late **2005.** Similarly. the Plan relieves Williams of substantial lease obligations and defers payments until **2007** for its headquarters real estate obligations. Moreover, the Plan provides for the infusion by a new investor, Leucadia, of $150 million into the reorganized company, and another $180 million to purchase the claims of TWC – for a total investment of **$330** million. The Plan represents a welcome relief from the negative economic trend in the telecommunications industry. Instead of the all too common dissolution or diminution of a bankrupt telecommunications company, the Plan will provide Williams, the operating company, with the opportunity to continue its provision of telecommunications services based upon a firm financial footing and without having to consider a bankruptcy filing of its own.

These extraordinary circumstances clearly warrant prompt grant of the STA. With the STA, the parties may proceed to consummate the Plan, thus culminating months of efforts with a successful emergence of WCG from bankruptcy. Without the STA. the precarious balance of interests struck by the Plan could be upended by any one party and the Lenders would have the power to take Williams' cash, thereby draining it of the lifeblood necessary for continuation of services to the public.

III. IMPLEMENTATION OF THE PLAN WILL ENSURE THAT WILLIAMS CAN CONTINUE TO PROVIDE CRITICAL SERVICES

Williams provides an array of services focused on carriers and other bandwidth-centric customers. Local exchange carriers ("LECs"), inter-exchange and international carriers ("IXCs"), cellular carriers, cable television companies, internet service providers ("ISPs"), television programmers and broadcast television networks all use Williams' services as a core component of the services they offer end users. Operating 33,000 route miles of domestic fiber, Williams links together more than 100 of the top U.S. markets. In addition, connectivity to numerous undersea cables and cable-landmg stations allows the Williams backbone network to provide video, voice and data services on a global scale.

Voice services provide an excellent example of Williams' relationship with carrier customers. While Williams does not directly provide retail services to end users, the Williams voice network, as the retailers' underlying network, provides origination and termination services throughout the U.S. and the world.

Some of the largest telecommunications companies, including SBC, Cingular and Verizon, rely on the Williams network for voice services. Currently, more than 5.6 million residential and business access lines are routed to Williams and generate domestic traffic exceeding 1.5 billion minutes of use per month and international traffic of 135 million minutes of use per month.

Moreover, Williams also provides a variety of private line and data transport services. From frame relay and asynchronous transfer mode ("ATM") switching up to very high-speed 10-gigabit-per-second optical services, Williams' data services provide critical infrastructure to carrier customers and their end users? IXCs, ISPs and other carriers use Williams' data services as the backbone of their own long-haul transport networks.

Williams is also a significant provider of Internet transport. It operates an OC-48 packet over SONET backbone network with connectivity at 120 locations throughout the U.S. and peering arrangements with other tup-tier Internet backbones.

On the video side of its business, Williams is the largest provider of live video transport in the U.S. More than 80% of all major professional sports broadcasts, including Major League Baseball, the National Football League, the National Basketball Association, and the National Hockey League, are transported

---

5 Converted to the basic unit of voice-grade equivalent ("VGE") circuits, the Williams network transports more than 2.3 million VGE circuits. When factoring in the distance that each circuit is carried, it exceeds 1.8 billion VGE route-miles of current customer traffic.

on the Williams network[6] These events represent close to 25,000 broadcasts each year.

In addition, 65% of all live news events are also carried on the Williams network.[7] Combining expertise in video transport, an extensive fiber-optic transmission network and the local connectivity to all major U.S. sports and news venues, Williams is the only provider positioned to provide these services today.

Finally, Wihams provides more than two million square feet of collocation and data center space. It provides major interconnection points for communications between the U.S. and Mexico and Canada.

Implementation of the Plan will ensure Williams' ability to continue to provide these important services without any interruption whatsoever. As noted above, upon consummation of the Plan, for which STA is a necessary pre-condition, Williams' outstanding debt will be significantly reduced and a new credit agreement will not require scheduled principal payments for several years, thereby strengthening its financial position and ability to provide continuity of service.

---

6 For example, Williams has transmitted the Super Bowl for the past 13 years.

The Williams network connects to more than 700 television stations and networks and 50 post-production facilities. The network carries more than 200,000 network feeds annually, as well as transporting 2.8 million video and audio spot announcements/advertisements annually.

IV. FAILURE TO ISSUE THE STA COULD SERIOUSLY PREJUDICE THE PUBLIC INTEREST IN CONTINUED TELECOMMUNICATIONS SERVICES

As set forth above, the Plan, as amended, provides that if the transfer of control of Wdliams is not consummated by October 15, **2002,** then the confirmation order is voidable by *any* of the many interested parties – Williams, the unsecured creditors, Leucadia, the Lenders or TWC.[8]

Each of these parties is committed to meet its obligations and close on October 15 if the necessary STAs are granted. If the STAs do not issue, and the closing does not occur, then **all** bets are off. As of October **15** the Bankruptcy Court Cash Collateral Order negotiated with the primary creditor groups and the Lenders expires, and, absent the consummation of the Plan, (a) the Lenders, pursuant to a Bankruptcy Court order, may discontinue any use of the cash collateral held by the Lenders;[9] (b) there will be an event of default under the Credit Agreement;[10] and (c) the Lenders may seek to enforce the other remedies available to them under the

---

8 This matter is set forth in the agreement of the parties as to additional provisions incorporated into the Second Amended Joint Chapter 11 Plan of Reorganization (referred to herein as the "Addendum"), which was filed with the Bankruptcy Court as Exhibit **54** on September **30, 2002,** in Chapter **11** Case No. 02-11957. A copy of the Addendum is attached.

9 ***See*** Final Order Authorizing Debtors' Limited Use of Cash Collateral Pursuant to 11 U.S.C. **§ 363,** Granting Replacement Liens, Adequate Protection and Administrative Expense Priority to Certain Pre-Petition Secured Parties, *In re Williams Communications Group, Inc. and CG Austria, Inc.,* Chapter **11** Case No. **02-11957** (BRL) (U.S. Bankruptcy Court S.D.N.Y. May **15,2002)** at ¶ **11** (copy attached).

10 ***See*** Amendment No. 7 dated April **19,2002** to the Amended and Restated Credit Agreement dated as of September 8, 1999 (copy attached).

existing Credit Agreement.[11] Moreover, the obligation of the Lenders to enter into a new, favorable credit agreement with Williams also ceases if the Plan is not consummated by October 15.[12] If the Lenders exercise these rights, Williams would be faced with the prospect of going into bankruptcy itself. Finally, these events would constitute material changes in circumstances that could provide Leucadia with a right to immediately terminate its investment commitments.

Without an STA by October 15, and therefore with no closing of the Plan by that date, no legal obligations would hold the various parties in the bankruptcy case to the delicate balance of interests reached by the Plan. Leucadia, the unsecured creditors' committee, the Administrative Agent for the Lenders, and WCG's primary unsecured creditor, TWC, would be required to approve any material amendment to the Plan, and if a wholly new Plan were to be considered, WCG would have to resolicit approvals from over 11,000 creditors and all the Lenders, among other approvals to be obtained.

Most critically, as noted above, if the Plan fails to consummate by October 15, the Lenders may exercise their right to "set off the cash of Williams currently held in the Lenders' accounts to pay off the debt owed the Lenders by Williams[13] (which debt currently exceeds the amount of cash in the accounts.) Moreover, the Lenders will have the ongoing right to Williams' cash accounts until

---

11 *Id.* at § 3(D).

12 Plan at § 5.5(f).

13 Credit Agreement (as amended) at Sections 7.01(s) and 10.08 (copy attached).

the outstanding debt is paid.[14] As a consequence. unless relief is obtained from a bankruptcy court, Williams would have no operating capital with which to function, which would threaten its ability to continue providing service without disruptions.

The telecommunications services provided by Williams would be difficult and time-consuming to replace. For example, while possible, the transition of video transport from the Wdliams network to satellite services would be complicated, requiring the deployment, licensing and possibly manufacture of new satellite transmit and delivery equipment.

The Williams network is an integral and hard to replace part of its customers' networks. With direct connections to hundreds of customer locations and thousands of end offices and tandems,[15] the Williams network provides ubiquitous coverage that cannot be easily or quickly replaced. It is fair to say that virtually all types of residential and business customers would be affected by the shut-down of the Williams network.

Indeed, SBC stated on the record in the Bankruptcy Court that it would take between 12 and 18 months for SBC to be able to restore all of its long distance voice service to its customers if Williams terminated services.[16] SBC

---

14 *Id.*

15 In terms of voice trunk connectivity, there are more than 300,000 direct end-office trunks, tandem trunks and dedicated access lines installed.

16 See Response to Order *to* Show Cause Issued August 26,2002 and Brief in Support Thereof, *In re* Williams Communications *Group, Inc.* and CG Austria, *Inc.*, Chapter 11 Case No. 02-11957 (SMB) at 14-15 (SBC Communications Inc. Sep. 3, 2002).

explained that such an interruption in service would be devastating to SBC's customers, who would be without long distance phone capability.[17]

Such devastating impacts need not occur. "he interested parties in the bankruptcy, after months of intensive negotiations, have a confirmed Plan that has only one material condition to close outstandmg – the grant of STA by the FCC before the termination date of October 15, 2002.

V. THE PUBLIC INTEREST WARRANTS GRANT OF THE STA

The current state of the telecommunications industry in the U.S. represents a very challenging environment for companies seeking to emerge from a bankruptcy proceeding. Most other competitors of Williams that have attempted to reorganize under Chapter 11 have failed and have been liquidated or have had to significantly reduce their operations. Indeed, the Commission is convening an *en banc* hearing on October 7 to discuss measures needed to restore the financial health of the telecommunications industry. WCG is on the verge of becoming one of the very few industry participants to successfully reorganize under Chapter 11, so that Williams may emerge as a healthy and competitive telecommunications provider with long term potential. If the Plan is not consummated by October 15, 2002, the clear benefits of this successful reorganization are no longer assured. Williams acknowledges that it should have requested authority from the

---

17 *Id.*

Commission for the transfer of control in advance of the October 15 deadline.[18] The extraordinary and compelling circumstances presented here justify permitting consummation of the reorganization to go forward as scheduled.[19] Grant of the requested **STA** will permit this rare bankruptcy success story to become a reality, thereby ensuring continued service to the many consumers who rely directly or indirectly on Williams' telecommunications facilities.

VI. CONCLUSION

WCG is on the brink of a rare successful consummation of a Chapter 11 reorganization. The Bankruptcy Court has confirmed the Plan.

---

[18] By way of explanation, Williams had not realized that the Commission would consider a reorganization in which the parent company would continue to be widely held (that is, no party would hold 50% or more of the outstandmg stock of the parent either before or after the reorganization) to be a transfer of control requiring prior approval. Williams makes this statement not by way of excuse, but as an explanation that it was not operating in bad faith. Upon notification of this issue, Williams immediately sought communications counsel advice and promptly filed applications for Commission consent for the transfer of control to be effectuated by the Plan.

[19] ***See*** *e.g.,* Application of SureWest TeleVideo Company for Section 2 14 Special Temporary Authority, File No. ITC-STA-20020710-00320 (Int'l Bur. Jul. 12, 2002) (grant of STA for transfer of assets of bankrupt company subject to bankruptcy court order mandating an expedited closing); Domestic Section 214 Application filed for Consent to Transfer Control of Coast to Coast Telecommunications, Inc. from Rivien **U.S.A.** to Allegiance Telecom, **17** FCC Rcd 3567 (Com. Car. Bur. 2002) (STA granted for transfer of control notwithstanding that parties failed to timely notify Commission of transaction); IWL Communications Inc. d/b/a Caprock Services Corp., SES-STA-200203 14-00327, SES-STA-200203 14-00328 and Spacelink Systems, Inc.. SES-STA-2002314-00335 (Int'l Bur. Apr. 5,2002) (applications for authority *to* transfer control of satellite earth stations to CapRock Holdings) and File **Nos.** 0000808921, 0000809066 & 0000809081 (WTB Apr. 5,2002) (applications for authority to transfer control of common carrier and private microwave licenses in same transaction).

Implementation of the Plan will not only prevent the occurrence of a default that will allow the Lenders to seize Williams' cash, threatening continuity of service, but also will result in a new Williams credit agreement with terms that will significantly enhance Williams' financial condition and capabilities. However, the many constituencies to the WCG bankruptcy case will no longer be bound to their commitments if the Plan is not consummated by October 15, 2002. The Plan provides for closing by that date pursuant to STA issued by the Commission, and the new investor, Leucadia, has committed to close upon issuance of STA. By granting the requested STA, the Commission will be playing a critical role in the restoration of the financial health of a major telecommunications service provider.

For the foregoing reasons, it is respectfully requested that the Commission issue, preferably no later than October 11, 2002, STA to permit the transfer of control of Williams from WCG to WilTel, as set forth in the Underlying Application.

Respectfully submitted,

Williams Communications, LLC

By: [signature]

Joseph W. Miller
Assistant Secretary
One Technology Center, TC 15
Tulsa, Oklahoma 74103

Williams Communications Group, Inc.,
Debtor-in-Possession

By: [signature]

Joseph W. Miller
Assistant Secretary
One Technology Center, TC 15
Tulsa, Oklahoma 74103

\\\DC - 60661/0035 - 1612158 v1

WilTel Communications Group, Inc.

By: ______________________

Joseph W. Miller
Assistant Secretary (Following Formation)

?

ATTACHMENTS TO STA REQUESTS

1. Underlying Application

2. Order Confirming Second Amended Joint Plan of Reorganization of Wilhams Communications Group, Inc. and CG Austria, Inc., *In re* ***Williams*** *Communications* ***Group,*** *Inc. and CG* ***Austria,*** *Inc.*, Chapter 11 Case No. 02-11957 (BRL) (U.S. Bankruptcy Court S.D.N.Y. Sep. **30, 2002)***

3. Second Amended Joint Chapter 11 Plan of Reorganization (referred to herein as the "Addendum"), which was filed with the Bankruptcy Court as Exhibit 54 on September **30,2002, in** Chapter **11** Case No. 02-11957.*

4. Final Order Authorizing Debtors' Limited **Use** of Cash Collateral Pursuant to 11 U.S.C. **§ 363,** Granting Replacement Liens, Adequate Protection and Administrative Expense Priority to Certain Pre-Petition Secured Parties, In *re Williams Communications Group, Inc. and CG* ***Austria,*** *Inc.*, Chapter 11 Case No. 02-11957 (BRL) (U.S. Bankruptcy Court S.D.N.Y. May 17, **2002)***

5. Amendment No. 7 dated April 19,2002 to the Amended and Restated Credit Agreement dated as of September 8, **1999'**

6. Amended and Restated Credit Agreement dated as of September 8, 1999*

* These documents are available as attachments to Williams' International Section **214** STA Request being filed today with the International Bureau.